



NORTHWESTERN NATIONAL LIFE INSURANCE COMPANY

RECORDATION NO. 10273-B Filed 1425

DEC 11 1979 - 12 10 PM

INTERSTATE COMMERCE COMMISSION

November 30, 1979

Secretary of the Interstate
Commerce Commission
Washington, D.C. 20423

RECORDATION NO. 10273-C Filed 1425

DEC 11 1979 - 12 10 PM

Dear Sir:

INTERSTATE COMMERCE COMMISSION

Enclosed herewith for recording with the Interstate Commerce Commission in accordance with Section 11303 of the Interstate Commerce Act are the following documents:

1. Original executed copy and two executed counterparts of a Security Agreement, dated as of November 1, 1979, from The Connecticut Bank and Trust Company, not individually but solely as Trustee, to Northwestern National Life Insurance Company and Northern Life Insurance Company; and

2. The original executed copy and two executed counterparts of a Consent and Agreement, dated as of November 1, 1979, among The Connecticut Bank and Trust Company, not individually but solely as Trustee, Interpool, Ltd., Northwestern National Life Insurance Company and Northern Life Insurance Company.

The parties to the transaction to which these documents relate are as follows:

Lessor/Debtor (Mortgagor):

The Connecticut Bank and Trust Company, as
Trustee under REFCO-INTERPOOL TRUST NO. 79-1,
One Constitution Plaza
Hartford, Connecticut 06115

Attention: Corporate Trust Department

RECORDED
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FEE OPERATION BR.
I.C.C.

Leslie H. Gulman
[Signature]

Secretary of the Interstate
Commerce Commission
Page Two
November 30, 1979

Lessee:

Interpool, Ltd.
630 Third Avenue
New York, New York 10017

Attention: Mr. Daniel P. Shannon

Secured Parties (Mortgagees):

Northwestern National Life
Insurance Company
P.O. Box 20
Minneapolis, Minnesota 55440

Attention: Securities Department

Northern Life Insurance Company
c/o Northwestern National Life
Insurance Company
P.O. Box 20
Minneapolis, Minnesota 55440

Attention: Securities Department

The equipment covered by the above documents is
generally described as follows:

Two Hundred (200) 50' 6" 70 ton boxcars
marked and numbered HCRC3001 to HCRC3200
both inclusive manufactured by Whittaker
Corporation (Berwick, Forge and Fabricating
Division).

A.A.R. mechanical designation for equipment is XP.

The Security Agreement includes the assignment by
The Connecticut Bank and Trust Company, not individually but
solely as Trustee, of certain of its rights as lessor under
a Lease dated as of April 3, 1979, between The Connecticut
Bank and Trust Company, not individually but solely as Trustee,
and Interpool, Ltd. This Lease was recorded with the Inter-
state Commerce Commission on April 10, 1979 at 3:45 p.m. and
it is indexed as Recordation No. 10273 filed 1425.

Secretary of the Interstate
Commerce Commission
Page Three
November 30, 1979

This letter is executed by an executive officer of Northwestern National Life Insurance Company having knowledge of the matters set forth herein. The original executed documents, upon recordation should be returned to Barry Roberts, Esq., Pope, Ballard & Loos, 700 Brawner Building, 888 Seventeenth Street, N.W., Washington, D.C. 20006.

Very truly yours,

NORTHWESTERN NATIONAL LIFE
INSURANCE COMPANY

By *S. W. Wickham*
Its *Nice Pres*

Interstate Commerce Commission

Washington, D.C. 20423

12/11/79

OFFICE OF THE SECRETARY

Barry Roberts, Esq.
POPe Ballard & Loos
700 Brawner Building
888 7th St., N.W.
Washington, D.C. 20006

Dear

Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on at , and assigned re-
recording number(s). 12/11/79 12:10pm

10273-A, 10273-B & 10273-C

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

RECORDATION NO. *10273-B* Filed 1425

DEC 11 1979 - 12 10 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

FROM

THE CONNECTICUT BANK AND TRUST COMPANY,
as Trustee

DEBTOR

TO

NORTHWESTERN NATIONAL LIFE INSURANCE COMPANY

AND

NORTHERN LIFE INSURANCE COMPANY

SECURED PARTIES

Dated as of November 1, 1979

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THIS SECURITY AGREEMENT dated as of November 1, 1979 (the "Security Agreement") from THE CONNECTICUT BANK AND TRUST COMPANY, whose post office address is One Constitution Plaza, Hartford, Connecticut 06115, Attention: Corporate Trust Department (the "Debtor"), not individually but solely as trustee under REFCO-INTERPOOL TRUST NO. 79-1 created by Trust Agreement dated as of April 3, 1979 (the "Trust Agreement") with Parliament Discount Corporation, a Delaware corporation which subsequent to the date of the Trust Agreement changed its corporate name to Beneficial Leasing Group, Inc. (together with its successors and assigns, the "Beneficiary"), and NORTHWESTERN NATIONAL LIFE INSURANCE COMPANY and NORTHERN LIFE INSURANCE COMPANY, each of whose post office address is P. O. Box 20, Minneapolis, Minnesota 55440, Attention: Securities Department (together with their respective successors and assigns, collectively the "Secured Parties" and individually as "Secured Party").

R E C I T A L S:

A. The Debtor has entered into a Note Purchase Agreement dated as of November 1, 1979 (the "Note Agreement") with the Secured Parties providing for the commitment of the Secured Parties to purchase the secured notes (together with any note or notes issued in substitution therefor, collectively the "Notes" and individually a "Note") of the Debtor in the aggregate principal amount of \$4,888,475.31. The Note payable to Northwestern National Life Insurance Company shall be in the principal amount of \$3,421,932.72, and the Note payable to Northern Life Insurance Company shall be in the principal amount of \$1,466,542.59. Each Note is to be dated November 30, 1979, shall bear interest at the rate of 11% per annum (computed on the basis of a 360 day year - 30 day month) from the date of the Note, and shall be due in 58 consecutive quarterly installments of principal and interest on the 1st day of March, June, September and December of each year, commencing March 1, 1980, to and including June 1, 1994. The Notes shall be subject to prepayment as provided in the Note Agreement, shall in all respects be subject to the terms of the Note Agreement, and shall be substantially in the form of Exhibit B thereto.

B. The Notes and all principal thereof and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the Notes, this Security Agreement or the Note Agreement are hereinafter sometimes referred to as "indebtedness hereby secured".

C. All of the requirements of law relating to the transactions contemplated hereby have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Notes have been done and performed.

SECTION 1. GRANT OF SECURITY.

In order to secure the payment of the principal of and interest on the Notes according to their tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all covenants and conditions in the Notes and in this Security Agreement and in the Note Agreement contained, Debtor hereby grants the Secured Parties, and each of them, a security interest in all of the Debtor's right, title and interest in and to the properties, rights, interests, and privileges described in Sections 1.1 and 1.2 hereof subject always to Excepted Rights in Collateral as defined in Section 1.5 hereof (all of which properties are hereinafter collectively referred to as the "Collateral").

1.1 Equipment Collateral. Collateral includes those two hundred (200) 50'6" 70 ton boxcars marked and numbered ~~HCRC 3001 to HCRC 3200~~ both inclusive manufactured by Whittaker Corporation (Berwick, Forge and Fabricating Division) (collectively the "Equipment" and individually an "Item" or "Item of Equipment") constituting the Equipment leased and delivered under that certain Lease of Railroad Equipment dated as of April 3, 1979 (as from time to time supplemented or amended, the "Lease") between Debtor, as lessor, and Interpool, Ltd., a Bahamian corporation (the "Lessee"), as lessee; together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment hereinabove described, whether now owned or hereafter acquired, except such thereof as remain the property of the Lessee under the Lease, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment, except such thereof as remain the property of Lessee under the Lease, together with all the rents, issues, income, profits and avails therefrom and proceeds thereof.

1.2 Rental Collateral. Collateral also includes all right, title, interest, claims and demands of the Debtor as lessor in, to and under the Lease, together with all rights, powers, privileges, options and other benefits of the Debtor as lessor under the Lease, including without limitation, but subject always to the exceptions, reservations and limitations contained in Section 1.5 hereof:

(1) the immediate and continuing right to receive and collect all rental, casualty value payments and insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable to or receivable by the lessor under the Lease pursuant thereto,

(2) whenever an Event of Default has occurred and is continuing, the right to make all waivers and agreements and to give and receive duplicate copies of all notices and other instruments or communications, and

(3) the right to take such action upon the occurrence of an Event of Default under the Lease or an event which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default under the Lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease or by law, and to do any and all other things whatsoever which the lessor is or may be entitled to do under the Lease,

it being the intent and purpose hereof that subject always to Excepted Rights in Collateral (as defined in Section 1.5 hereof), and except as otherwise provided in clause (2) above, the assignment and transfer to the Secured Parties of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Parties shall have the right to collect all said payments for application in accordance with the provisions of Section 4 hereof at all times during the period from and after the date of this Security Agreement until the indebtedness hereby secured has been fully paid and discharged.

1.3 Limitations to Security Interest. The security interest granted by this Section 1 is subject to (a) the right, title and interest of the Lessee under the Lease, and (b) the lien of current taxes and assessments not in default (but only if such taxes are entitled to priority as a matter

of law), or, if delinquent, the validity of which is being contested in good faith and by appropriate legal proceedings and the non-payment thereof does not, in the reasonable judgment of the Debtor, adversely affect the title, property or rights of the Debtor or of the Secured Parties.

1.4 Duration of Security Interest. The Secured Parties shall have and hold the Collateral forever; provided, always, however, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Note Agreement and the Notes contained, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void.

1.5 Excepted Rights in Collateral. Subject to the proviso hereto, there are expressly excepted and reserved from the security interest and operation of this Security Agreement the following described properties, rights, interests and privileges (hereinafter sometimes referred to as the "Excepted Rights in Collateral") and nothing herein or in any other agreement contained shall constitute an assignment of said Excepted Rights in Collateral to the Secured Parties:

(a) all payments of any indemnity to the Debtor under Section 6, the third paragraph of Section 9, and Section 17 of the Lease;

(b) all rights of the Debtor under the Lease to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Debtor on account of any such indemnities or payments, provided that the rights excepted and reserved by this paragraph (b) shall not be deemed to include the exercise of any remedies provided for in Section 10 of the Lease except those contained in Section 10(a) thereof; and

(c) any insurance proceeds payable under general public liability policies maintained by the Lessee pursuant to Section 19 of the Lease which by the terms of such policies or the terms of the Lease are payable directly to the Debtor for its own account.

SECTION 2

COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees as follows:

2.1 Debtor's Duties. The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Note Agreement, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Note Agreement were fully set out in an amendment or supplement to this Security Agreement. The Debtor undertakes to perform only such duties as are expressly and specifically set forth herein and in the other Operative Agreements (as defined in the Note Agreement) and no implied obligations or covenants shall be read into this Security Agreement or any other Operative Agreements against the Debtor.

2.2 Warranty of Title. The Debtor has the right, power and authority to grant a security interest in the Collateral to the Secured Parties for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor (excepting only the right, title and interest of the Lessee under the Lease). The Debtor also agrees that it will at its own cost and expense, without regard to the provisions of Section 6 hereof, promptly take such action as may be necessary duly to discharge any liens and encumbrances on the Collateral which result from claims against the Debtor not related to the ownership of the Equipment or any transactions pursuant to the Operative Agreements (as defined in the Note Agreement). Without limiting the foregoing, there is no financing statement or other filed or recorded instrument in which the Debtor is named and which the Debtor has signed, as debtor or mortgagor now on file in any public office covering any of the Collateral except the Lease filed prior to the date hereof with the Interstate Commerce Commission, and further except the financing statements or other instruments filed or to be filed in respect of and for the security interest provided for herein.

2.3 Further Assurances. The Debtor will, upon request of the Secured Parties and at no expense to the Secured Parties, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether

now owned or hereafter acquired. Without limiting the foregoing but in furtherance of the security interest herein granted in the rents and other sums due and to become due under the Lease, the Debtor covenants and agrees that it will, pursuant to Section 12 of the Lease, notify the Lessee of the assignment hereunder and direct the Lessee to make all payments of such rents and other sums due and to become due under the Lease other than Excepted Rights in Collateral directly to the Secured Parties or as the Secured Parties may direct.

2.4 After-Acquired Property. Subject to the terms of the Lease, any and all property described or referred to in the granting clauses hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Parties, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.4 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.3 hereof.

2.5 Expenses of Recordation and Filing. This Security Agreement and all supplements hereto, the Lease and all supplements thereto, and all financing and continuation statements and similar notices required by applicable law, shall be recorded and filed at the expense of the Debtor in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Secured Parties hereunder.

2.6 Modification of the Lease. The Debtor will not:

(a) declare a default or exercise the remedies of the lessor under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification or surrender of, the Lease (except as otherwise expressly provided herein) or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof; or

(b) receive or collect any rental payment under the Lease prior to the date for payment thereof provided for by the Lease or assign, transfer or hypothecate (other than to the Secured Parties hereunder) any rent payment then due or to accrue in the future under the Lease in respect of the Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Parties hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

2.7 Power of Attorney in Respect of the Lease. The Debtor does hereby irrevocably constitute and appoint the Secured Parties, and each of them, its true and lawful attorney with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under Sections 1.1 and 1.2 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all instruments given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Parties, or either of them, may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Parties in and to such rents and other sums and the security intended to be afforded hereby.

2.8 Notice of Default. The Debtor further covenants and agrees that it will give the Secured Parties prompt written notice of any event or condition constituting an Event of Default under the Lease if the Debtor has actual knowledge of such event or condition. For purposes of this Security Agreement, "actual knowledge" on the part of the Debtor shall mean actual knowledge of an officer or employee of the Debtor's Corporate Trust Department.

SECTION 3 POSSESSION, USE AND RELEASE OF PROPERTY.

3.1 Possession of Collateral. While the Debtor is not in default hereunder, it shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto, provided, always, that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement. It is expressly understood that the use and possession of the Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 3.1.

3.2 Release of Property. So long as no Event of Default has occurred and is continuing, the Secured Parties shall execute a release in respect of any Item of Equipment designated by the Lessee for settlement pursuant to Section 7 of the Lease upon receipt from the Lessee of written notice designating the Item of Equipment in respect of which the Lease will terminate and the receipt by the Secured Parties from the Lessee of the Casualty Value payment for such Item of Equipment in compliance with Section 7 of the Lease.

3.3 Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Secured Parties to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of all or part of the Collateral be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

SECTION 4. APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTIES.

4.1 Application of Rents and Other Payments. As more fully set forth in Section 1.2 hereof the Debtor has hereby granted to the Secured Parties a security interest in rents, issues, profits, income and other sums due and to become due under the Lease constituting the Collateral hereunder. So long as no Event of Default as defined in Section 5 hereof has occurred and is continuing:

(a) The amounts from time to time received by the Secured Parties which constitute payment by the Lessee under the Lease of the installments of rental pursuant to Section 3 of the Lease shall be applied first, to the payment of the installments of principal and interest (and in each case first to interest and then to principal) on the Notes which have matured or will mature on or before the due date of the installments of rental which are received by the Secured Parties, and then the balance, if any, of such amounts shall be paid to or upon the order of the Debtor not later than three business days following the receipt thereof;

(b) The amounts from time to time received by the Secured Parties which constitute settlement by the Lessee of the Casualty Value for any Item of Equipment pursuant to Section 7 of the Lease shall be applied by the Secured Parties as follows:

(i) First, an amount equal to the Loan Value (hereinafter defined) of such Item of Equipment for which settlement is then being made shall be applied to the prepayment of the Notes; and

(ii) Second, the balance, if any, of such amounts held by the Secured Parties after making the applications provided for by the preceding subparagraph shall be released to or upon the order of the Debtor not later than three business days following the date of payment of the Notes.

For purposes of this Section 4.1(b), the "Loan Value", in respect of any Item of Equipment, shall be an amount equal to the product of (A) a fraction, the numerator of which is an amount equal to the Purchase Price (as defined in the Note Agreement) of such Item of Equipment for which settlement is then being made and the denominator of which is the aggregate Purchase Price of all Items of Equipment then subject to the Lease (including the Purchase Price of such Item of Equipment for which settlement is then being made), times (B) the unpaid principal amount of the Notes immediately prior to the prepayment provided for in this Section 4.1(b) (after giving effect to all payments of installments of principal made or to be made on the date of prepayment provided for in this Section 4.1(b)).

(c) The amounts received by the Secured Parties from time to time which constitute proceeds of casualty insurance maintained by the Lessee in respect of the Equipment shall be held by the Secured Parties as a part of the Collateral and shall be applied by the Secured Parties from time to time to any one or more of the following purposes:

(i) So long as no Event of Default has occurred and is continuing, the proceeds of such insurance shall, if the Item of Equipment is to be repaired, be released to the Debtor to reimburse the Lessee for expenditures made for such repair upon receipt by the Secured Parties of a certificate of an authorized officer of the Lessee to the effect that any damage to such Item in respect of which such proceeds were paid has been fully repaired;

(ii) If the insurance proceeds shall not have been released to the Debtor pursuant to the preceding paragraph (i) within 180 days from the receipt thereof by the Secured Parties, or if within such period the Lessee shall have notified the Secured Parties in writing that the Lease is to be terminated as to such Item of Equipment in accordance with the provisions of Section 7 of the Lease, then so long as no Event of Default hereunder has occurred and is continuing, the insurance proceeds shall be applied by the Secured Parties as follows:

(A) First, to the prepayment of the Notes all in the manner and to the extent provided for by Section 4.1(b) hereof; and

(B) Second, the balance, if any, of such insurance proceeds held by the Secured Parties after making the applications provided for by the preceding subparagraph (A) shall be released to or upon the order of the Debtor not later than three business days following the date of payment of the Notes.

4.2 Multiple Notes. If more than one Note is outstanding at the time any such application is made, such application shall be made on all outstanding Notes ratably in accordance with the aggregate principal amount remaining unpaid thereon.

4.3 Default. If an Event of Default has occurred and is continuing, all amounts received by the Secured Parties pursuant to Section 1.2 hereof shall be applied in the manner provided for in Section 5 in respect of proceeds and avails of the Collateral.

SECTION 5. DEFAULTS AND OTHER PROVISIONS.

5.1 Events of Default. The term "Event of Default" for all purposes of this Security Agreement shall mean any one or more of the following:

(a) Default in payment of an installment of the principal of, or interest on, any Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and such default shall have continued for a period of five days; or

(b) An Event of Default as set forth in Section 10 of the Lease (it being understood that Section 5.3 hereof, subject to limitations therein contained, authorizes the Debtor to cure certain Events of Default under the Lease); or

(c) Default on the part of the Debtor in the due observance or performance of any covenant or agreement to be observed or performed by the Debtor under this Security Agreement or the Note Agreement, and such default shall continue unremedied for 30 days after written notice from the Secured Parties, or either of them, to the Debtor specifying the default and demanding the same to be remedied; or

(d) Any representation or warranty on the part of the Debtor made herein or in the Note Agreement or in any certificate furnished in connection with this Security Agreement, the Lease or the Note Agreement, or the transactions contemplated therein, or any representations or warranty on the part of the Lessee contained in the Certificate of Lessee required by Section 4(c) of the Note Agreement, shall prove to be false or misleading in any material respect when made.

5.2 Secured Parties' Rights. The Debtor agrees that when any Event of Default has occurred and is continuing, but subject always to Sections 5.3 and 6 hereof, the Secured Parties, and each of them, shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code as adopted in the State of Minnesota (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, the Secured Parties may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute.

(a) The Secured Party or Secured Parties holding at least two-thirds of the aggregate principal amount of the Notes then outstanding may, by notice in writing to the Debtor, declare the entire unpaid balance of the Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable;

(b) Subject always to the rights of the Lessee under the Lease, the Secured Party or Secured Parties holding at least two-thirds of the aggregate principal amount of the Notes then outstanding, personally or by agents or attorneys, shall have the right (subject to

compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold;

(c) Subject always to the rights of the Lessee under the Lease, the Secured Party or Secured Parties holding at least two-thirds of the aggregate principal amount of the Notes then outstanding may, in the event the principal and interest on the Notes shall have become due and payable pursuant to Section 5.2(a) hereof, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale to the Debtor and the Lessee once at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as such Secured Party or Secured Parties may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to; provided, however that any such sale shall be held in a commercially reasonable manner. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Parties, and each of them, may bid and become the purchaser at any such sale;

(d) Subject always to the rights of the Lessee under the Lease, the Secured Party or Secured Parties holding at least two-thirds of the aggregate principal amount of the Notes then outstanding may proceed to protect and enforce this Security Agreement and the Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, or subject to the provisions of Section 6 hereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other

proper, legal or equitable remedy available under applicable law; and

(e) Subject always to the rights of the Lessee under the Lease, the Secured Party or Secured Parties holding at least two-thirds of the aggregate principal amount of the Notes then outstanding may proceed to exercise all rights, privileges and remedies of the Debtor under the Lease, and may exercise all such rights and remedies either in the name of the Secured Parties, or either of them, or in the name of the Debtor for the use and benefit of the Secured Parties.

5.3 Certain Rights of the Debtor on the Occurrence of an Event of Default Under the Lease. If an Event of Default under the Lease of which the Secured Parties have knowledge shall have occurred and be continuing and in the reasonable judgment of Secured Parties compliance with the terms of this Section 5.3 will not have a material adverse effect on the exercise or realization of the rights of the Secured Parties under this Security Agreement with respect to the Collateral, then the Secured Party or Secured Parties proposing to exercise any remedy or remedies pursuant to Section 5.2 hereof shall give the Debtor not less than 15 days' prior written notice of the date (the "Enforcement Date") on which such Secured Party or Secured Parties will exercise such remedy or remedies. If an Event of Default under the Lease shall have occurred and be continuing, the Debtor shall have the following rights hereunder:

(a) Right to Cure. Except as hereinafter provided, in the event of the occurrence of an Event of Default in respect of the payment of rental under the Lease on the day it becomes due and payable (unless there shall also have occurred and be continuing an Event of Default under Section 10 F, G, H, or I of the Lease), the Debtor may, prior to the Enforcement Date, pay to the Secured Parties an amount equal to any principal and interest (including interest, if any, on overdue payments of principal and interest) then due and payable on the Notes, and such payment by the Debtor shall be deemed to cure any Event of Default under the Lease which would otherwise have arisen on account of the nonpayment by the Lessee of such installment of rental under the Lease. The rights granted to Debtor in this Section 5.3 may be exercised not more than 6 times prior to January 1, 1986, , and may be exercised at any time during the year commencing January 1, 1986 and ending December 31, 1986, at which point the rights of the Debtor under this Section 5.3(a) shall expire. Except as hereinafter in this Section 5.3(a) provided, the Debtor shall not, by exercising the right to cure any

such Event of Default, obtain any lien, charge or encumbrance of any kind on any of the Collateral for or on account of costs or expenses incurred in connection with the exercise of such right nor shall any claims of the Debtor against the Lessee or any other party for the repayment of such costs or expenses impair the prior right and security interest of the Secured Parties in and to the Collateral. Upon such payment by the Debtor of the amount of principal and interest then due and payable on the Notes, the Debtor shall be subrogated to the rights of the Secured Parties in respect of the rental which was overdue at the time of such payment and interest payable by the Lessee on account of its being overdue, and therefore, if no other Event of Default shall have occurred and be continuing and if all principal and interest payments due on the Notes have been paid at the time of receipt by the Secured Parties of such rental, the Debtor shall be entitled to receive such rental and such interest upon receipt thereof by the Secured Parties; provided that (i) in the event the principal and interest on the Notes shall have become due and payable pursuant to Section 5.2(a) hereof, such subrogation shall, until principal of and interest on all Notes shall have been paid in full, be subordinate to the rights of the Secured Parties in respect of such payment of rental and such interest on such overdue rental prior to receipt by the Debtor of any amount pursuant to such subrogation, and (ii) the Debtor shall not be entitled to seek to recover any such payment (or any payment in lieu thereof) except pursuant to the foregoing right of subrogation.

(b) Option to Prepay Notes. Whether or not the Debtor shall then have the right to cure an Event of Default under the Lease pursuant to Section 5.3(a) above, the Debtor may at its option prepay the Notes, without premium or penalty, by payment of the entire unpaid principal amount thereof, together with accrued interest thereon to the date of prepayment.

5.4 Acceleration Clause. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Notes, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable.

5.5 Waiver by Debtor. To the extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit

or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Debtor acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Parties, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

5.6 Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold, shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

5.7 Application of Sale Proceeds. The proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Parties, or either of them, of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment of the amount then owing or unpaid on the Notes for principal and interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest, with application on each Note to be made, first, to the unpaid principal thereof, and second to unpaid interest thereon; and

(c) Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

5.8 Discontinuance of Remedies. In case the Secured Parties shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor and the Secured Parties shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

5.9 Cumulative Remedies. No delay or omission of the Secured Parties, or either of them, to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Parties, or either of them, of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Parties, or either of them, be required to look first to, enforce or exhaust such other or additional security, collateral or guaranties.

SECTION 6. LIMITATIONS OF LIABILITY.

This Security Agreement and the Notes are executed by the Debtor, not individually or personally but solely as Trustee under the Trust Agreement in the exercise of the power and authority therein conferred and vested in it as such Trustee; and, except as expressly provided in the Note Agreement and herein, nothing contained in the Note Agreement or herein shall be construed as creating any personal liability on the Debtor or the Beneficiary for the payment of any amount payable by the Debtor for principal and interest on the Notes or for the performance of, or on account of, any covenant, agreement, representation or warranty contained herein or in the Note Agreement. The Secured Parties, and each of them, agree that so far as the Debtor, individually or personally, and the Beneficiary are concerned, the Secured Parties will look solely to the Trust Estate (as defined in the Trust

Agreement), excluding Excepted Rights in Collateral, for payment of principal, premium, if any, and interest on the Notes, and any other amounts payable to the Secured Parties hereunder.

SECTION 7. MISCELLANEOUS.

7.1 Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Parties, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

7.2 Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision herein contained unenforceable or invalid, provided that nothing contained in this Section 7.2 shall be construed to be in derogation of any rights or immunities of the Debtor in its individual capacity under Section 6 hereof, or to amend or modify any limitations or restrictions of the Secured Parties or their respective successors or assigns under said Section 6.

7.3 Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, certified, postage prepaid, addressed as follows:

If to the Debtor: The Connecticut Bank and Trust
 Company, as Trustee under
 REFCO-INTERPOOL TRUST NO. 79-1
 One Constitution Plaza
 Hartford, Connecticut 06115

Attention: Corporate Trust Department

With copies to: Beneficial Leasing Group, Inc.
 250 Park Avenue
 New York, New York 10017

Attention: Leveraged Leasing Division
 Mr. Gerard R. Nocera

If to the Secured Parties: Northwestern National Life
 Insurance Company
 P. O. Box 20
 Minneapolis, Minnesota 55440

Attention: Securities Department

Northern Life Insurance Company
c/o Northwestern National Life
Insurance Company
P. O. Box 20
Minneapolis, Minnesota 55440

Attention: Securities Department

If to another holder of
Notes:

At its address for notices set
forth in the Note Register main-
tained by the Debtor in accordance
with the Note Agreement

or to any such party at such other address as such party may
designate by notice duly given in accordance with this Section
to the other parties.

7.4 Amendments. This Security Agreement may, from
time to time and at any time, be amended or supplemented only
by an instrument or instruments, in writing executed by the
parties hereto.

7.5 Release. The Secured Parties shall release this
Security Agreement and the security interest granted hereby by
proper instrument or instruments upon presentation of satisfactory
evidence that all indebtedness secured hereby has been fully paid
or discharged.

7.6 Governing Law. This Security Agreement shall
be construed in accordance with and governed by the laws of
the State of Minnesota; provided, however, that the Secured
Parties shall be entitled to all the rights conferred by any
applicable Federal statute, rule or regulation.

7.7 Counterparts. This Security Agreement may be
executed, acknowledged and delivered in any number of counter-
parts, each of such counterparts constituting an original but
all together only one Security Agreement.

7.8 Headings. Any headings or captions preceding
the text of the several Sections hereof are intended solely
for convenience of reference and shall not constitute a part
of this Security Agreement nor shall they affect its meaning,
construction or effect.

SECTION 8. PRIORITY OF SECURED PARTIES.

By accepting Notes secured by this Security Agreement,
Secured Parties, and each of them, agree (i) that they shall
rank pari passu with respect to the security interest in the

Collateral, notwithstanding the order of attachment or perfection of the security interest as to each Secured Party, and (ii) that upon any foreclosure, sale or other disposition of or realization in any manner upon all or any part of the Collateral, after deducting all expenses of enforcement, including without limitation attorney's fees, the Secured Parties shall be entitled to share in the resulting income pertaining to and the proceeds of such foreclosure, sale, other disposition of or other realization upon the Collateral pro rata in that proportion which the outstanding principal amount of the indebtedness hereby secured to the respective Secured Parties bears to the aggregate principal amount of the indebtedness hereby secured to the Secured Parties, taken as a whole.

IN WITNESS WHEREOF, the Debtor has caused this Security Agreement to be executed, as of the day and year first above written.

THE CONNECTICUT BANK AND TRUST
COMPANY, not individually but
solely as Trustee under REFCO-
INTERPOOL TRUST NO. 79-1

BY 

Its

ASSISTANT VICE PRESIDENT

DEBTOR

STATE OF Conn.)
COUNTY OF Hartford) SS Hartford

On this 29th day of November, 1979, before me personally appeared DONALD E. SMITH, to me personally known, who being by me duly sworn, says that he is the ASSISTANT VICE PRESIDENT of The Connecticut Bank and Trust Company, that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

Beatrice L. Terrase
Notary Public

(SEAL)

My commission expires: 3/31/84